

## Message Text

CONFIDENTIAL

PAGE 01 MILAN 01382 042104Z

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FM AMCONSUL MILAN

TO AMEMBASSY ROME

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C O N F I D E N T I A L MILAN 1382

LIMDIS/NOFORN

E.O. 11652: GDS

TAGS: PINT, PFOR, IT

SUBJECT: MILAN POLITICAL SITUATION

MEMCON WITH PIERO BASSETTI, WEALTHY INDUSTRIALIST, LEFT-WING

DC LEADER AND CONGEN, MILAN, AUGUST 1, 1975

(NOTE: BASSETTI, FORMER PRESIDENT OF THE REGION OF LOMBARDY, HAS, FOR MORE THAN A YEAR, GIVEN ALMOST FULL TIME TO A CAMPAIGN TO REORGANIZE AND MODERNIZE THE DC)

1. BASSETTI WAS ANGERED AND UPSET BY DEFECTION OF FRANCESCO OGLIARI AND PIER GIORGIO SIRTORI DURING JULY 31 VOTE IN MILAN CITY COUNCIL TO SELECT MAYOR (SEE MILAN'S 1381). HE CONSIDERED TACTIC DIRTY POOL AND HAD JUST COMPLAINED TO PCI REGIONAL SECRETARY ELIO QUERCIOLI, WHO APOLOGIZED SAYING IT WAS A SOCIALIST MANEUVER.

2. OTHERWISE, BASSETTI WAS CALM AND HADN'T LOST HIS NERVE. HE THOUGHT THE DC WOULD SURVIVE AND BE THE BETTER FOR THE FIRE THROUGH WHICH IT WAS NOW PASSING. NOW THE PARTY FELT BESEIGED AND WAS CLOSING RANKS. THERE WERE FEW WHO WERE LOSING THEIR NERVE.

3. IN MILAN, THE COMMUNISTS WERE NOW ENTERING A TOUGH PASSAGE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MILAN 01382 042104Z

THEY COULD NOT ESCAPE RESPONSIBILITY FOR THE CONDUCT OF MILAN'S

GOVERNMENT AND WERE ALMOST CERTAIN TO LOSE SOME OF THEIR AURA OF CLEAN AND ABLE. NO ONE COULD RUN MILAN AND NOT HAVE TROUBLE. AND THE COMMUNISTS NEITHER HAD THE OUTSTANDING AND EXPERIENCED MEN NOR THE UNTARNISHED INTEGRITY THAT THEIR ADVERTISING BOASTED.

4. COMMUNISTS, SAID BASSETTI, HAVE OTHER PROBLEMS, TOO. ONE IS SET BACK THIS GIVES TO COMPROMESSO STORICO. PCI VERY UNCOMFORTABLE WITHOUT DC TO SHARE BLAME AND IN SITUATION WHERE ITS HARDLINERS CAN ARGUE IT DOESN'T NEED COMPROMESSO STORICO TO COME TO POWER. THIS WEAKENS DEMOCRATIC LEADERSHIP WHICH HAS NO DESIRE FOR SOVIET TYPE RULE THAT MUCH OF RANK AND FILE WANTS.

5. REAL CRUNCH WILL COME ON ECONOMIC FRONT, HE WARNED. SITUATION INCREASINGLY BAD AND PROMISES TO GET WORSE. WILL RANK AND FILE ACCEPT SACRIFICES AND WORK OR INSIST ON MORE PAY, BENEFITS AND JOBS? TRADE UNION LEADERSHIP RECOGNIZES NEED TO STEADY SHIP AND NOT FORCE ISSUE IN FALL. BUT IF WORKERS PUSH UNION LEADERS, LEADERS MUST FOLLOW AND PCI AND PSI WILL FEEL OBLIGED TO BACK THEM. IF THIS SCENARIO FOLLOWED, ENTIRE POLITICAL FABRIC COULD BE TORN APART AND ANYTHING POSSIBLE.

6. FOR BASSETTI, DANGER IS TODAY GREATER FROM RIGHT THAN FROM LEFT. CONFRONTATION IN AUTUMN COULD RISK RIGHTIST COUP.

7. BUT MORE LIKELY, IN HIS VIEW, IS THAT NOTHING WILL HAPPEN. BUSINESS IS NOT BEING STAMPEDED. THERE IS SOME INCREASED CAPITAL FLIGHT. BUT OWNERS NEED MONEY TO OPERATE AND, SHORT OF SELLING OUT, CAN'T AFFORD TO EXPORT MUCH CAPITAL. SO FAR, HE THINKS BUSINESS COMMUNITY IS KEEPING ITS SANG FROID.

8. NOR IS HE DISCOURAGED ABOUT NATIONAL PICTURE. DC NATIONAL COUNCIL WAS LONG AND PAINFUL. BUT IT ACCOMPLISHED TWO VERY IMPORTANT THINGS. FIRST, IT REMOVED FANFANI. SECOND, IT REFUSED TO SUCCEED ONE OF THE OLD GANG WITH PICIOLI, ANOTHER. INSTEAD, IT PUT IN ZACCAGNINI WHO IS A VERY ABLE, SOLID LEADER. NOR IS HE A SHORT-TIMER, ACCORDING TO BASSETTI. HE WAS BASSETTI'S CANDIDATE AND HE EXPECTS HIM

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MILAN 01382 042104Z

METHODICALLY TO GO ABOUT SETTING THE PARTY IN ORDER.

9. NEVER UNDERESTIMATE THE REAL STRENGTH OF THE CHRISTIAN DEMOCRATS IN ITALY, HE INSISTED. IT IS A PARTY WITH DEEP ROOTS AND VITALITY, EVEN IF THIRTY YEARS IN POWER HAVE COVERED IT WITH DEADWOOD AT THE TOP. WHILE THE MINOR LAY PARTIES ARE DYING AND THE SOCIALISTS RISK SUDDEN DEATH, THE CHRISTIAN DEMOCRATS ARE HERE TO STAY.

10. THERE IS NOTHING MUCH THE US CAN DO DIRECTLY ABOUT ALL THIS, HE SAID, EVEN THOUGH ITS INTERESTS ARE DEEPLY INVOLVED. IT IS IMPORTANT THAT THE US NOT GIVE THE IMPRESSION THAT IT IS RESIGNED TO A COMMUNIST TAKE OVER OR THAT IT WOULD SEE THAT WITH INDIFFERENCE. IT SHOULD DEAL WITH THE COMMUNISTS CANDIDLY AND LEAVE NO DOUBT ABOUT ITS DISAGREEMENTS WITH COMMUNIST POLICY. OTHERWISE, THE US SHOULD ACTIVELY PRESS FOR EUROPEAN UNIFICATION AS THE BEST DEVICE TO RIVET ITALY INTO A DEMOCRATIC WESTERN EUROPE FROM WHICH EVEN A COMMUNIST MAJORITY COULD NOT REMOVE IT. AND, CONCLUDED BASSETTI, THE US SHOULD EXERCISE ITS GREAT POWER ROLE KEEPING THE SOVIETS OUT OF THE MED AND WORKING FOR THE RAPID RECOVERY OF THE WORLD ECONOMY TO LESSEN THE DANGER OF POLITICAL-ECONOMIC CRISIS WITHIN ITALY.  
FINA

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